

**BUSINESS REPORT**

**MONTANA HOUSE OF REPRESENTATIVES  
61st LEGISLATURE - REGULAR SESSION**

**HOUSE TAXATION COMMITTEE**

**Date:** Wednesday, January 28, 2009

**Time:** 8:00 am

**Place:** Capitol

**Room:** 152

**BILLS and RESOLUTIONS HEARD:**

Prefix (HB, HR, HJR, SB, SR, or SJR) and number. Add Postponed (PP) when appropriate:

HJ 2, SB 11, SB 23, SB 43

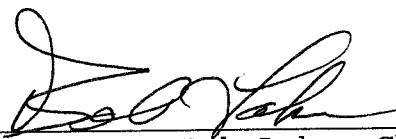
\_\_\_\_\_  
\_\_\_\_\_

**EXECUTIVE ACTION TAKEN:**

Prefix (HB, HR, HJR, SB, SR, or SJR) and number. Enter P(pass) F(failed) DPAA (do pass as amended) BC(be concurred in) BCAA (be concurred in as amended):

\_\_\_\_\_  
SB 11 (BC) \_\_\_\_\_  
\_\_\_\_\_  
SB 43 (BC) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**COMMENTS:**



REP. Bob Lake, Chairman

**HOUSE OF REPRESENTATIVES**  
**Roll Call**  
**TAXATION COMMITTEE**

DATE: 1-28-09

<u>NAME</u>	<u>PRESENT</u>	<u>ABSENT/ EXCUSED</u>
Bob Lake, Chair	✓	
Jill Cohenour, Vice-Chair	✓	
Janna Taylor, Vice Chair	✓	✓
Dick Barrett	✓	
Mark Blasdel	✓	
Edward Butcher	✓	✓
Wanda Grinde	✓	
Robin Hamilton	✓	
Brian Hoven	✓	
Mike Jopek	✓	
Dave McAlpin		✓
Mike Miller	✓	
Art Noonan	✓	✓
JP Pomnichowski	✓	
Lee Randall	✓	
J. David Roundstone	✓	
Jon Sonju	✓	
Wayne Stahl	✓	✓
Chas Vincent	✓	
Brady Wiseman	✓	



## HOUSE STANDING COMMITTEE REPORT

January 28, 2009

Page 1 of 1

Mr. Speaker:

We, your committee on **Taxation** recommend that **Senate Bill 11** (third reading copy – blue) be **concurring in**.

Signed: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "Bob Lake", is written over a horizontal line.

*Representative Bob Lake, Chair*

To be carried by Representative Bob Lake

- END -

**Committee Vote:**

**Yes 20, No 0**

Fiscal Note Required \_\_\_\_

SB0011001SC02604.hjd



## HOUSE STANDING COMMITTEE REPORT

January 28, 2009

Page 1 of 1

Mr. Speaker:

We, your committee on **Taxation** recommend that **Senate Bill 43** (third reading copy – blue) be **concurred in**.

Signed: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "Bob Lake", written over a horizontal line.

*Representative Bob Lake, Chair*

To be carried by Representative Brady Wiseman

- END -

**Committee Vote:**

**Yes 20, No 0**

Fiscal Note Required \_\_\_\_

SB0043001SC03856.hjd

# AUTHORIZED COMMITTEE PROXY

I request to be excused from the Tax

Committee because of other commitments. I desire to leave my proxy vote with:

Son/u

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

BILL/AMENDMENT                      AYE      NO

SB 43	✓	

BILL/AMENDMENT                      AYE      NO


Rep. Edward J. Butcher  
(Signature)

Date \_\_\_\_\_

I request to be excused from the TAXATION

Con/ly

[illegible]

Rep. Janna Ziegler  
(Signature)

Date 1-28-09

# AUTHORIZED COMMITTEE PROXY

I request to be excused from the Tuition

Committee because of other commitments. I desire to leave my proxy vote with:

John Kervon

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

BILL/AMENDMENT

AYE NO

Do <del>Pass</del> SB 43	✓	
Do Conc SB 11	✓	

BILL/AMENDMENT

AYE NO


Rep.

John Kervon  
(Signature)

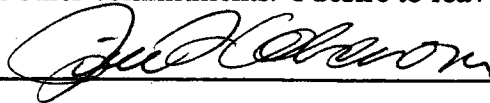
Date

1/28/09

**AUTHORIZED  
COMMITTEE PROXY**

I request to be excused from the Taxation

Committee because of other commitments. I desire to leave my proxy vote with:



Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

BILL/AMENDMENT                      AYE      NO

Do Pass SB43	✓	
Do Concur SB11	✓	

BILL/AMENDMENT                      AYE      NO


Rep. \_\_\_\_\_

(Signature)

Date \_\_\_\_\_



**Montana House of Representatives  
Visitors Register**

**HOUSE TAXATION COMMITTEE**

**Date** 1-28-09

**Bill No.** SB 23 **Sponsor(s)** Sen. Wanzelreid

**PLEASE PRINT**

**PLEASE PRINT**

**PLEASE PRINT**

Name and Address	Representing	Support	Oppose	Inf.
Dave Cole	Dept. of Commerce	X		
Simon Hays	Dept of Commerce	X		
Alan Peurn	Dept of Rev	X		

**Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.**

C:\Documents and Settings\cl3216\My Documents\TaxationCommVisitorRegSample2009.wpd

**Montana House of Representatives  
Visitors Register**

**HOUSE TAXATION COMMITTEE**

**Date** 1-28-09

**Bill No.** HSR 2 **Sponsor(s)** Rep. Jopek

**PLEASE PRINT**

**PLEASE PRINT**

**PLEASE PRINT**

Name and Address	Representing	Support	Oppose	Inf.
Marco Ferro	MSH-MF		L	

**Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.**

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**Montana House of Representatives  
Visitors Register**

**HOUSE TAXATION COMMITTEE**

**Date** 1-28-09

**Bill No.** SB 43 **Sponsor(s)** Sen. Kaufmann

**PLEASE PRINT**

**PLEASE PRINT**

**PLEASE PRINT**

Name and Address	Representing	Support	Oppose	Inf.
Don Hoffman	MT. Taxpayers Ass.	✓		

**Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.**

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**Montana House of Representatives  
Visitors Register**

**HOUSE TAXATION COMMITTEE**

**Date** 1-28-09

**Bill No.** SB 11 **Sponsor(s)** Sen Peterson

**PLEASE PRINT**

**PLEASE PRINT**

**PLEASE PRINT**

<b>Name and Address</b>	<b>Representing</b>	<b>Support</b>	<b>Oppose</b>	<b>Inf.</b>
<u>Harold Blahie</u>	<u>MAC</u>	<u>X</u>		

**Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.**

# The Revenue and Taxpayer Impacts of the Income Tax Provisions of SB 407



Tax Policy and Research  
Montana Department of Revenue  
December 2006

# Executive Summary

Senate Bill 407, enacted in the 2003 legislative session, made significant revisions to Montana's individual income tax system. The changes became effective in the 2005 tax year. Our study of actual 2005 tax returns reveals the following conclusions.

- The total amount of tax reduction granted by this legislation was almost four times greater than estimated at the time of enactment: \$100.3 million vs. the 2003 prediction of \$26 million.
- Higher income taxpayers received more tax reduction than predicted, and lower income taxpayers received less. Households earning \$500,000 or more annually received 47.7% of the tax reduction as compared to the 22.9% share predicted in 2003. These are the details:

Annual incomes less than \$65,000: This income range includes 81% of Montana households (319,711 households). These households received 7.1% of the reduction: \$7.1 million or approximately \$22 dollars for each household. The tax reduction for these households is about 13% less than the \$8.2 million predicted in 2003.

Annual incomes between \$65,000 and \$150,000: This income range includes 16.3% of Montana households (64,592 households). These households received 16.8% of the reduction: \$16.8 million or \$260 for each household. The tax reduction for these households is approximately 191% greater than the \$5.8 million predicted in 2003.

Annual incomes between \$150,000 and \$500,000: This income range includes 2.7% of Montana households (10,721 households). These households received 28.4% of the reduction: \$28.4 million or \$2,654 per household. The tax reduction for these households is approximately 368% greater than the \$6.1 million predicted in 2003.

Annual incomes of \$500,000 and up: This income range includes 0.4% of Montana households (1,586 households). These households received 47.7% of the tax reduction: \$47.9 million or \$30,187 per household. The tax reduction for these households is 701% greater than the \$6 million predicted in 2003.

- The majority of households—65% or about two-thirds—experienced only a small change (less than \$50) in their tax. The other third either received a tax cut of \$50 or more (29% of households) or paid at least \$50 more (6% of households).
  - Who received the tax cuts of \$50 or more? Only at income levels of \$75,000 or more did a majority of households see a tax reduction of at least \$50, with the percentage rising steadily to 93% for households with incomes of at least \$500,000.
  - Who paid at least \$50 more in taxes? The percentage of households paying at least \$50 more is highest (20%) for households with incomes between \$60,000 and \$75,000.
- To put these numbers in context, the average tax relief for the 1586 households earning \$500,000 or more, \$30,187, is greater than the \$29,150 average annual pay of Montana jobs covered by workers compensation, as reported by the Bureau of Labor Statistics.

# Introduction

The 2003 legislature passed SB407, which made significant changes to Montana's income tax, with the expectation that the changes would reduce income tax revenue. To replace the lost income tax revenue, SB407 imposed a limited sales tax on accommodations and rental cars and increased the excise taxes on cigarettes and tobacco products. The overall bill was intended to increase revenue from the time the sales and excise tax increases went into effect in 2003 until the income tax provisions went into effect in 2005. It was intended to be revenue neutral for the first full-year of the income tax changes and then result in net revenue reductions in later years.

SB407 made three significant changes to Montana's income tax:

- It restructured the rate table, reducing the number of rate brackets from ten to six, reducing the bottom rate from 2% to 1%, reducing the top rate from 11% to 6.9%, and reducing the income at which the top rate is effective from \$82,400 to \$13,900.
- It reduced the effective rates on capital gains income by giving a nonrefundable tax credit equal to 1% of capital gains income in 2006 and 2007, and 2% of capital gains income beginning in 2008.
- It capped the itemized deduction for federal income taxes at \$5,000 for single taxpayers and married couples filing separately, and \$10,000 for married couples filing joint returns. (Previously, federal income taxes paid during the tax year could be deducted in full.)

During the 2003 session, the department estimated the revenue impacts of these changes. The estimates were made using the database of 2001 full-year resident income tax returns. Future years' tax liabilities were calculated from these returns using the rate tables and other provisions that would have been in place under the old law and using the rate tables and other provisions in SB407. The differences in individual tax liabilities were used to estimate the total impact of SB407 and the distribution of those impacts among income groups.

The total tax reduction was estimated to be \$26.0 million in 2005, with lower and higher income taxpayers receiving higher percentage reductions and middle income taxpayers seeing smaller percentage reductions.

The actual impact in 2005 was estimated using the database of 2005 full-year resident income tax returns. For each return, tax liability for that return using the rate tables and other provisions that would have been in place without SB407 was calculated and compared to the actual 2005 tax liability.

The total 2005 tax reduction was \$100.3 million. The percentage reductions going to lower and higher income taxpayers were larger than expected in 2003, and the percentage reductions going to middle income taxpayers were smaller.

# Tax Reduction Due to SB407

Table 1 shows the actual tax liability reported on full-year resident's income tax returns for 2005, the calculated tax liability for those returns under the pre-SB407 law, and the difference, for thirty-five income brackets and in total. The left half of the table shows the range of household incomes included in each bracket, the number of households in that bracket, and the total of their household income. The right half of the table shows the total of calculated pre-SB407 law tax liability for households in the bracket, their actual 2005 tax, and the difference.

<b>Table 1</b> <b>Impact of SB407 on Full-Year Resident's 2005 Income Tax</b>					
Income Brackets			Tax Liability of Households in Bracket		
Income Range	Number of Households in Bracket	Total Income of Households in Bracket	Old Law (Calculated)	SB407 (Actual)	Difference Due to SB 407
\$ 0 - \$ 1,999	13,236	\$14,416,818	\$159	\$102	(\$57)
\$ 2,000 - \$ 3,999	17,588	52,892,438	16,048	7,696	(8,352)
\$ 4,000 - \$ 5,999	17,940	89,521,739	340,141	165,877	(174,264)
\$ 6,000 - \$ 7,999	16,973	118,722,624	782,347	441,463	(340,884)
\$ 8,000 - \$ 9,999	16,523	148,543,930	1,215,055	780,300	(434,755)
\$ 10,000 - \$ 11,999	15,971	175,557,629	1,712,015	1,183,432	(528,583)
\$ 12,000 - \$ 13,999	15,209	197,500,697	2,245,959	1,693,048	(552,911)
\$ 14,000 - \$ 15,999	14,770	221,555,032	2,842,569	2,303,465	(539,104)
\$ 16,000 - \$ 17,999	14,648	248,721,406	3,540,029	3,024,594	(515,435)
\$ 18,000 - \$ 19,999	13,762	261,292,716	4,120,625	3,711,417	(409,208)
\$ 20,000 - \$ 24,999	29,792	667,688,231	12,262,968	11,730,897	(532,071)
\$ 25,000 - \$ 29,999	24,792	679,904,785	14,305,312	14,075,446	(229,866)
\$ 30,000 - \$ 34,999	21,291	690,842,498	16,381,459	16,174,532	(206,927)
\$ 35,000 - \$ 39,999	18,473	691,998,015	17,769,864	17,481,850	(288,014)
\$ 40,000 - \$ 44,999	16,630	705,873,978	19,363,258	19,063,823	(299,435)
\$ 45,000 - \$ 49,999	14,649	695,458,107	20,188,117	19,838,216	(349,901)
\$ 50,000 - \$ 54,999	13,683	717,771,554	21,839,305	21,372,799	(466,506)
\$ 55,000 - \$ 59,999	12,359	710,430,378	22,357,143	21,794,048	(563,095)
\$ 60,000 - \$ 64,999	11,422	713,430,322	23,509,564	22,795,144	(714,420)
\$ 65,000 - \$ 69,999	10,043	677,265,977	23,178,187	22,303,508	(874,679)
\$ 70,000 - \$ 74,999	8,846	640,931,714	22,940,499	21,948,564	(991,935)
\$ 75,000 - \$ 79,999	7,663	593,548,049	22,104,229	20,930,160	(1,174,069)
\$ 80,000 - \$ 89,999	12,194	1,032,965,738	40,453,507	38,108,208	(2,345,299)
\$ 90,000 - \$ 99,999	8,578	812,450,383	33,656,396	31,338,923	(2,317,473)
\$100,000 - \$109,999	5,808	608,173,861	26,525,931	24,414,771	(2,111,160)
\$110,000 - \$119,999	4,294	492,783,274	22,234,264	20,297,640	(1,936,624)
\$120,000 - \$129,999	3,104	387,126,744	18,263,459	16,406,771	(1,856,688)
\$130,000 - \$139,999	2,334	314,378,831	15,306,492	13,630,209	(1,676,283)
\$140,000 - \$149,999	1,728	250,153,953	12,762,976	11,227,694	(1,535,282)
\$150,000 - \$174,999	3,088	498,730,740	26,839,490	23,180,919	(3,658,571)
\$175,000 - \$199,999	1,863	347,676,041	19,760,009	16,605,340	(3,154,669)
\$200,000 - \$299,999	3,675	884,893,480	54,682,438	44,559,423	(10,123,015)
\$300,000 - \$399,999	1,370	470,096,552	32,050,645	25,340,266	(6,710,379)
\$400,000 - \$499,999	725	323,378,367	22,882,585	18,076,339	(4,806,246)
\$500,000+	1,586	2,151,076,023	174,355,335	126,478,932	(47,876,403)
<b>TOTALS</b>	<b>396,610</b>	<b>\$18,287,752,624</b>	<b>\$752,788,380</b>	<b>\$652,485,816</b>	<b>(\$100,302,564)</b>



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\$ 75,000 - \$ 79,999	7,663	593,548,049	22,104,229	20,930,160	(1,174,069)
\$ 80,000 - \$ 89,999	12,194	1,032,965,738	40,453,507	38,108,208	(2,345,299)
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Table 2 shows the percentage reductions in total tax liability for each income bracket as they were estimated in 2003 and as they were calculated from the 2005 tax returns.

<b>Table 2</b> <b>Percentage Reductions in 2005 Income Tax</b> <b>2003 Session Estimates and Actual</b>				
Income Bracket	2003 Estimate		2005 Actual	
	Difference	% Difference	Difference	% Difference
\$ 0 - \$ 1,999	(\$7,739)	-40.2%	(\$57)	-36.0%
\$ 2,000 - \$ 3,999	(33,554)	-46.7%	(8,352)	-52.0%
\$ 4,000 - \$ 5,999	(262,205)	-47.9%	(174,264)	-51.2%
\$ 6,000 - \$ 7,999	(428,932)	-38.7%	(340,884)	-43.6%
\$ 8,000 - \$ 9,999	(521,943)	-32.7%	(434,755)	-35.8%
\$ 10,000 - \$ 11,999	(567,993)	-26.3%	(528,583)	-30.9%
\$ 12,000 - \$ 13,999	(581,633)	-19.7%	(552,911)	-24.6%
\$ 14,000 - \$ 15,999	(543,934)	-14.7%	(539,104)	-19.0%
\$ 16,000 - \$ 17,999	(431,887)	-9.6%	(515,435)	-14.6%
\$ 18,000 - \$ 19,999	(303,542)	-6.0%	(409,208)	-9.9%
\$ 20,000 - \$ 24,999	(348,382)	-2.4%	(532,071)	-4.3%
\$ 25,000 - \$ 29,999	(197,630)	-1.2%	(229,866)	-1.6%
\$ 30,000 - \$ 34,999	(319,622)	-1.7%	(206,927)	-1.3%
\$ 35,000 - \$ 39,999	(511,654)	-2.4%	(288,014)	-1.6%
\$ 40,000 - \$ 44,999	(573,135)	-2.6%	(299,435)	-1.5%
\$ 45,000 - \$ 49,999	(571,352)	-2.4%	(349,901)	-1.7%
\$ 50,000 - \$ 54,999	(606,941)	-2.5%	(466,506)	-2.1%
\$ 55,000 - \$ 59,999	(660,624)	-2.7%	(563,095)	-2.5%
\$ 60,000 - \$ 64,999	(737,230)	-3.0%	(714,420)	-3.0%
\$ 65,000 - \$ 69,999	(690,398)	-3.1%	(874,679)	-3.8%
\$ 70,000 - \$ 74,999	(619,209)	-3.0%	(991,935)	-4.3%
\$ 75,000 - \$ 79,999	(656,528)	-3.4%	(1,174,069)	-5.3%
\$ 80,000 - \$ 89,999	(1,048,222)	-3.4%	(2,345,299)	-5.8%
\$ 90,000 - \$ 99,999	(706,813)	-3.0%	(2,317,473)	-6.9%
\$100,000 - \$109,999	(505,442)	-2.9%	(2,111,160)	-8.0%
\$110,000 - \$119,999	(384,190)	-2.8%	(1,936,624)	-8.7%
\$120,000 - \$129,999	(406,914)	-3.7%	(1,856,688)	-10.2%
\$130,000 - \$139,999	(408,798)	-4.1%	(1,676,283)	-11.0%
\$140,000 - \$149,999	(352,659)	-4.5%	(1,535,282)	-12.0%
\$150,000 - \$174,999	(932,199)	-5.3%	(3,658,571)	-13.6%
\$175,000 - \$199,999	(831,445)	-5.9%	(3,154,669)	-16.0%
\$200,000 - \$299,999	(2,001,276)	-6.0%	(10,123,015)	-18.5%
\$300,000 - \$399,999	(1,447,824)	-7.4%	(6,710,379)	-20.9%
\$400,000 - \$499,999	(871,726)	-7.2%	(4,806,246)	-21.0%
\$500,000+	(5,973,560)	-9.7%	(47,876,403)	-27.5%
<b>TOTALS</b>	<b>(\$26,047,135)</b>	<b>-4.8%</b>	<b>(\$100,302,564)</b>	<b>-13.3%</b>

Overall, the tax reduction was much larger than predicted in 2003. SB407 was predicted to reduce full-year resident's 2005 taxes by 4.8% or \$26.0 million. Analysis of 2005 tax returns shows that the actual reduction was 13.3% or \$100.3 million. The impact by income bracket also is different than predicted in 2003. In general, the percentage reduction is larger than predicted for households with incomes less than \$30,000. It is smaller than predicted for households with incomes between \$30,000 and \$65,000. For households with incomes over \$65,000, the percentage reduction is larger than predicted, and for households with incomes over \$90,000 it ranges from twice to over three times larger than predicted.

Figure 1 shows the predicted and actual percentage reductions listed in Table 2.

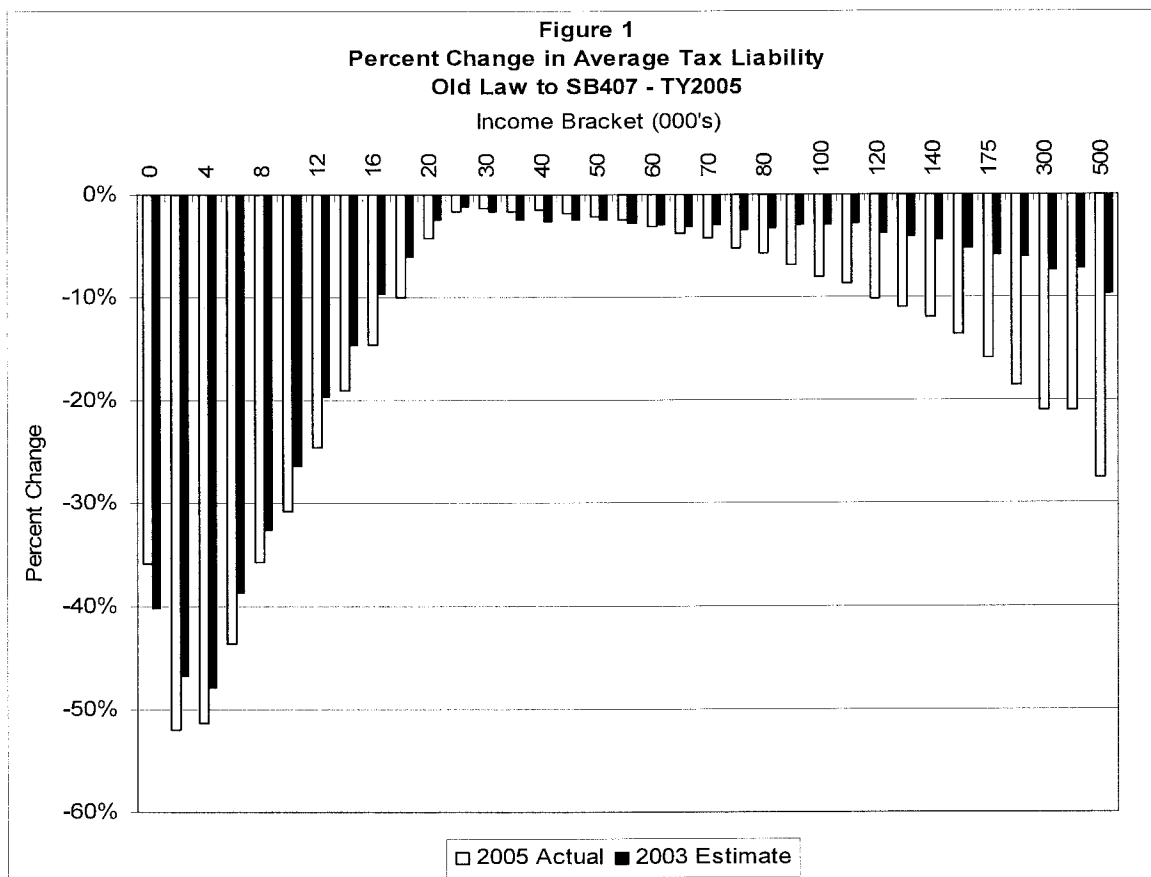
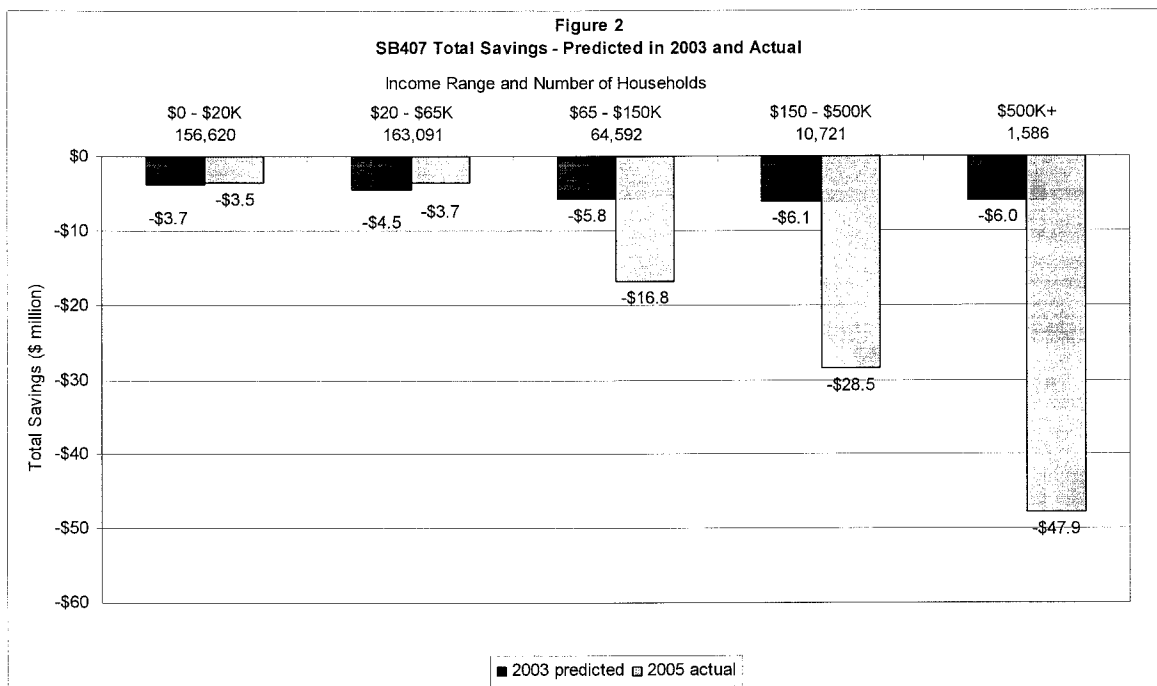


Table 3, on the next page, combines the income brackets in Tables 1 and 2 into five broad income groups and shows how the tax reduction was distributed among them. The two lowest groups combine the low and middle income brackets that received larger than expected reductions. The third group combines the middle income brackets that received smaller than expected reductions. The fourth and fifth groups combine the high income brackets that received larger than expected reductions.

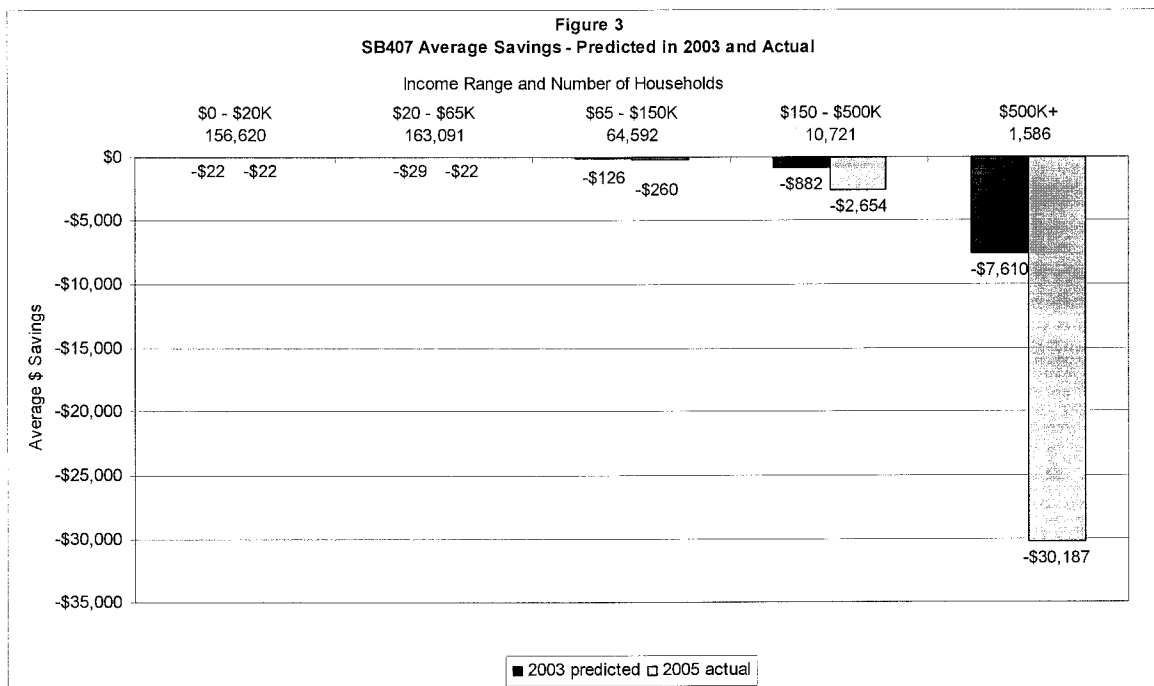
Table 3 2005 Income Tax Reductions from SB 407				
Income Bracket			Tax Reduction	Percent of Tax Reduction
Income Range	Number of Households in Bracket	Percent of Households		
\$0 - \$20,000	156,620	39.5%	(\$3,503,553)	3.5%
\$20,000 - \$65,000	163,091	41.1%	(\$3,650,235)	3.6%
\$65,000 - \$150,000	64,592	16.3%	(16,819,492)	16.8%
\$150,000 - \$500,000	10,721	2.7%	(28,452,880)	28.4%
\$500,000 +	1,586	0.4%	(47,876,403)	47.7%
<b>Total</b>	<b>396,610</b>	<b>100.0%</b>	<b>(\$100,302,564)</b>	<b>100.0%</b>

Almost half of the tax cut went to the 0.4% of households with income over \$500,000.

Figures 2 and 3 compare the 2003 predictions with the actual reductions for these five income groups.



In 2003, each of the three higher income groups was predicted to receive tax reductions totaling about \$6 million. The actual reductions for these groups were much larger, and the difference is larger in each succeeding higher income group. Both of the lower income groups received smaller reductions than predicted in 2003.

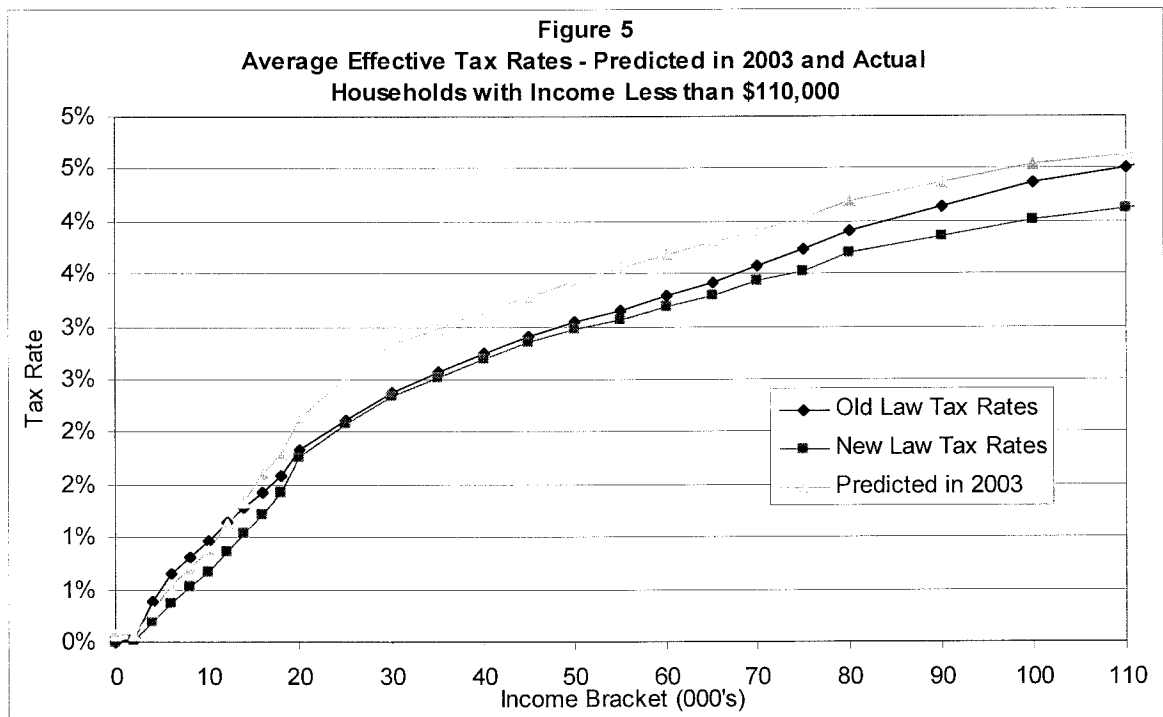
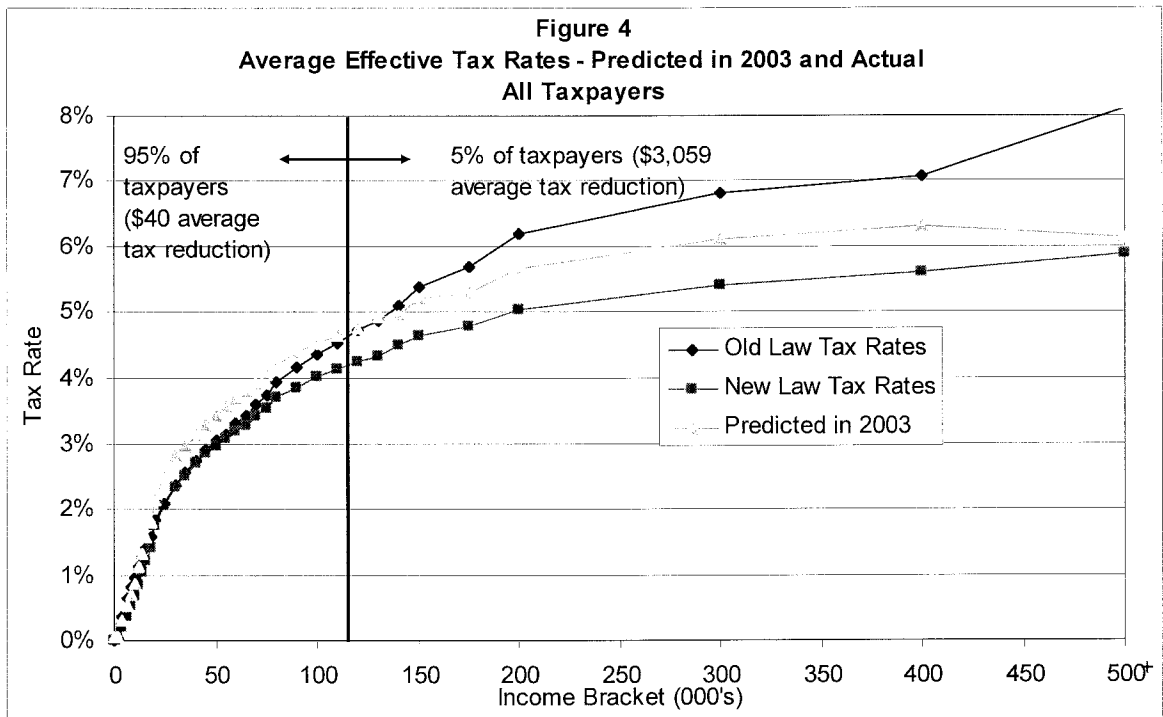


Figures 4 and 5, on the next page, show the difference between the forecasted and actual impact of SB407 across income groups as a plot of average effective tax rates for each income bracket. The average effective tax rate is the total tax paid by households in an income bracket divided by the total of their household incomes.

Figure 4 and Figure 5 both show average effective tax rates under:

- the pre-SB407 (old) law using tax year 2005 return information,
- as predicted for SB407 in 2003, and
- actual SB407 from 2005 tax returns.

Figure 4, which shows all tax brackets, shows what happened to high-income taxpayers well. But 95% of taxpayers are in the area to the left of \$110,000 of household income. To better show what happened to these taxpayers, Figure 5 shows only the brackets with incomes less than \$110,000.



# Winners and Losers

Not all taxpayers received a tax cut because of SB407. The rate table changes reduced the marginal rate at most taxable income levels but increased it in some ranges. The capital gains tax credit reduced taxes for those taxpayers who have capital gains income, but only 17% of households reported positive capital gains for 2005. The cap on the itemized deduction for federal income taxes increases Montana income tax for those taxpayers who itemize deductions and paid federal income taxes that were more than the cap.

In most income brackets, some taxpayers pay less with SB407, some pay more, and some have essentially "no change" in their tax liability. (To be consistent with the original analysis done during the 2003 session, taxpayers with a change in liability of less than \$50, either up or down, are considered to have "no change" in their tax.)

Table 4, on the next page, shows the number of taxpayers in each income bracket with a tax reduction of more than \$50, with a tax increase of more than \$50, and with a change of less than \$50 either way.

**Table 4**  
**Winners and Losers from SB 407**

Income Brackets		Tax Reduction > \$50		Tax Increase > \$50		Change < \$50	
Income Range	Number of Households in Bracket	Number of Households	% of Households in Bracket	Number of Households	% of Households in Bracket	Number of Households	% of Households in Bracket
\$ 0 - \$ 1,999	13,236	0	0.0%	0	0.0%	13,236	100.0%
\$ 2,000 - \$ 3,999	17,588	0	0.0%	0	0.0%	17,588	100.0%
\$ 4,000 - \$ 5,999	17,940	5	0.0%	0	0.0%	17,935	100.0%
\$ 6,000 - \$ 7,999	16,973	227	1.3%	0	0.0%	16,746	98.7%
\$ 8,000 - \$ 9,999	16,523	1,856	11.2%	0	0.0%	14,667	88.8%
\$ 10,000 - \$ 11,999	15,971	6,768	42.4%	0	0.0%	9,203	57.6%
\$ 12,000 - \$ 13,999	15,209	6,697	44.0%	2	0.0%	8,510	56.0%
\$ 14,000 - \$ 15,999	14,770	3,415	23.1%	3	0.0%	11,352	76.9%
\$ 16,000 - \$ 17,999	14,648	2,773	18.9%	7	0.0%	11,868	81.0%
\$ 18,000 - \$ 19,999	13,762	2,281	16.6%	9	0.1%	11,472	83.4%
\$ 20,000 - \$ 24,999	29,792	4,447	14.9%	48	0.2%	25,297	84.9%
\$ 25,000 - \$ 29,999	24,792	3,946	15.9%	136	0.5%	20,710	83.5%
\$ 30,000 - \$ 34,999	21,291	3,607	16.9%	317	1.5%	17,367	81.6%
\$ 35,000 - \$ 39,999	18,473	4,168	22.6%	677	3.7%	13,628	73.8%
\$ 40,000 - \$ 44,999	16,630	4,355	26.2%	1,379	8.3%	10,896	65.5%
\$ 45,000 - \$ 49,999	14,649	4,631	31.6%	1,747	11.9%	8,271	56.5%
\$ 50,000 - \$ 54,999	13,683	4,972	36.3%	1,982	14.5%	6,729	49.2%
\$ 55,000 - \$ 59,999	12,359	4,971	40.2%	2,263	18.3%	5,125	41.5%
\$ 60,000 - \$ 64,999	11,422	4,823	42.2%	2,395	21.0%	4,204	36.8%
\$ 65,000 - \$ 69,999	10,043	4,606	45.9%	2,025	20.2%	3,412	34.0%
\$ 70,000 - \$ 74,999	8,846	4,374	49.4%	1,756	19.9%	2,716	30.7%
\$ 75,000 - \$ 79,999	7,663	4,257	55.6%	1,302	17.0%	2,104	27.5%
\$ 80,000 - \$ 89,999	12,194	7,521	61.7%	2,227	18.3%	2,446	20.1%
\$ 90,000 - \$ 99,999	8,578	5,857	68.3%	1,572	18.3%	1,149	13.4%
\$100,000 - \$109,999	5,808	4,200	72.3%	1,037	17.9%	571	9.8%
\$110,000 - \$119,999	4,294	3,134	73.0%	803	18.7%	357	8.3%
\$120,000 - \$129,999	3,104	2,408	77.6%	485	15.6%	211	6.8%
\$130,000 - \$139,999	2,334	1,823	78.1%	357	15.3%	154	6.6%
\$140,000 - \$149,999	1,728	1,421	82.2%	233	13.5%	74	4.3%
\$150,000 - \$174,999	3,088	2,588	83.8%	418	13.5%	82	2.7%
\$175,000 - \$199,999	1,863	1,612	86.5%	214	11.5%	37	2.0%
\$200,000 - \$299,999	3,675	3,242	88.2%	369	10.0%	64	1.7%
\$300,000 - \$399,999	1,370	1,248	91.1%	109	8.0%	13	0.9%
\$400,000 - \$499,999	725	657	90.6%	63	8.7%	5	0.7%
\$500,000+	1,586	1,482	93.4%	92	5.8%	12	0.8%
<b>TOTALS</b>	<b>396,610</b>	<b>114,372</b>	<b>28.8%</b>	<b>24,027</b>	<b>6.1%</b>	<b>258,211</b>	<b>65.1%</b>

Twenty-nine percent of households had a tax reduction of at least \$50. In general, the percentage of households with tax liability at least \$50 lower with SB407 is higher at higher incomes. It increases from 0% in the lowest income brackets to 93.4% in the highest. The only exception to the steady increase in the percent of households with a reduction as income rises is between \$10,000 and \$20,000. Households in this income range benefited from the drop in the lowest tax rate from 2% to 1%.

Above \$75,000 of income, a majority of taxpayers had a tax decrease. Below \$75,000 of household income, a majority of taxpayers had no change or a tax increase.



Six percent of households paid at least \$50 more with SB407. The percentage paying at least \$50 more is highest at 21.0% for the \$60,000 to \$65,000 income bracket. From this point, the percentage paying at least \$50 more generally decreases as income either rises or falls, but averages 10% or more for households in all income brackets between \$45,000 and \$300,000.

Sixty-five percent of households saw a change in tax liability of less than \$50. This percentage decreases from 100% of households with the lowest incomes to less than 1% of households with the highest incomes.

These figures are very close to the original 2003 estimates which forecast that 27% of households would have a tax reduction of \$50 or more; 6.4% of households would have a tax increase of \$50 or more; and 67% of households would have "no change".

Figure 6 shows the percent of households in each income bracket with a tax reduction of at least \$50.

